



New York City Council

Christine C. Quinn, Speaker

Finance Division

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Hearing on the Mayor's Fiscal Year 2011 Preliminary Budget

Conflicts of Interest Board

March 18, 2010

Committee on Standards and Ethics

Hon. Inez Dickens, Chair

Andy Grossman, Deputy Director, Finance Division

Summary and Highlights

Conflicts of Interest Board

Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference, 2010 – 2011*
Spending						
Personnel Services	\$1,689	\$1,717	\$1,706	\$1,815	\$1,644	(\$63)
Other Than Personal Services	193	181	177	140	144	(33)
Table Total	\$1,882	\$1,898	\$1,883	\$1,955	\$1,788	(\$96)

The Fiscal 2011 Preliminary Budget for the Conflicts of Interest Board (approximately \$1.8 million) is \$96,000 less than the agency’s Fiscal 2010 Adopted Budget of \$1.9 million. At the time the Fiscal 2010 Budget was adopted, the City’s Financial Plan for the Board in Fiscal 2011 was already approximately \$56,000 below the Fiscal 2010 appropriation. This resulted from prior Plan actions. The January Plan now proposes an 8-percent budget reduction for the Board in Fiscal 2011, for a combined amount of \$158,000. Somewhat offsetting these reductions are other adjustments totaling \$119,000. The net result of these January Plan actions is a proposed reduction of \$39,000. When combined with the \$56,000 difference from the time of Fiscal 2010 Adoption, the \$96,000 difference between the Adopted Fiscal 2010 appropriation and the Preliminary Plan for 2011 is achieved.

Issues and Budget Highlights

- Personal Services (PS) Reduction – Vacancy Elimination.** The January Plan proposes Fiscal 2011 budget reduction savings of \$53,584 through the elimination of 1 vacant position. The value of this vacancy elimination savings increases to \$56,284 by Fiscal 2014. If this proposed action is adopted, the Board will be unable to hire a much-needed Senior Trainer position, 1 of only 2 positions in the agency’s Training Unit, along with the Director of Training.
- Personal Services (PS) Reduction – Layoff.** January Plan proposes Fiscal 2011 budget reduction savings of \$71,468 through the layoff of 1 legal advice attorney. Currently, the agency has only 4 such attorneys. The value of this proposed layoff savings increases to \$84,698 by Fiscal 2014.
- Other Than Personal Services (OTPS) Savings.** The January Plan proposes agency OTPS savings of \$37,000 in Fiscal 2010, decreasing to \$32,698 in Fiscal 2011 and the outyears.
- Collective Bargaining – Managers & Other Jurisdictions.** Funds totaling \$98,015 are being added to the agency’s budget to fund collective bargaining costs.
- Fringe Benefits Adjustment.** A technical fringe benefits adjustment relating to the abovementioned PS reduction proposals would add funding to the agency’s budget as follows: \$20,657 in Fiscal 2011, \$32,987 in Fiscal 2012, \$34,587 in Fiscal 2013 and \$36,587 in Fiscal 2014.

FY 2010 Council Changes at Adoption*Dollars in Thousands*

Conflicts of Interest Board Restoration – 2 Positions	\$99
TOTAL	\$99

The City Council restored in the Adopted Fiscal 2010 Budget \$98,911 in proposed Conflict of Interest Board cuts. The restoration was designed to supplement the agency such that it could better perform its duties and responsibilities as outlined in the City Charter. With this Council restoration, the Board was able to retain two positions that would otherwise have been eliminated: 1 of 4 attorneys in the agency's Enforcement Unit and 1 of 5 staff members in the agency's Financial Disclosure Unit. The latter individual also serves as the Board's receptionist. While these positions were restored for Fiscal 2010, they were not restored in the agency's baseline budget. So while no affirmative cut to these positions appears in the current January Plan, a restoration would once again be necessary if these positions are to be funded in Fiscal 2011.

Miscellaneous Revenues

The Conflicts of Interest Board generates minimal revenue from the collection of late filing fees. The January Plan recognizes additional revenue collections of \$52,000 in Fiscal 2010 and \$25,000 annually beginning in Fiscal 2011. With this anticipated increase, the total adjusted collections for late filing fees would increase to \$126,000 in Fiscal 2010 and \$99,000 in Fiscal 2011 and the outyears.

Conflicts of Interest Board

The Conflicts of Interest Board (COIB) implements and interprets the conflicts of interest provisions of Chapter 68 of the New York City Charter. This is accomplished through the training and education of City employees regarding ethical standards and through the issuance of advisory opinions to prospective, current, and former City employees. The Board processes complaints concerning alleged violations of the provisions of Chapter 68, and receives and reviews financial disclosure statements.

Conflicts of Interest Board

Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Jan. Plan	Difference 2010–2011
Spending						
Personal Services	\$1,690	\$1,717	\$1,706	\$1,815	\$1,643	(\$63)
Full-Time Salaried – Civilian	1,671	1,703	1,561	1,802	1,555	(5)
Other Salaried & Unsalaries	0	0	22	0	33	11
Additional Gross Pay	19	13	13	13	13	0
Amounts to be Scheduled	0	0	111	0	42	(69)
Other Than Personal Services	\$193	\$181	\$177	\$140	\$144	(\$33)
Supplies and Materials	36	26	25	29	4	(21)
Property and Equipment	60	49	34	26	34	0
Other Services and Charges	51	72	77	60	65	(12)
Contractual Services	45	34	40	24	40	0
TOTAL	\$1,882	\$1,898	\$1,883	\$1,955	\$1,788	(\$96)
Funding						
<i>City Funds</i>	\$1,882	\$1,898	\$1,883	\$1,955	\$1,788	(\$96)
TOTAL	\$1,882	\$1,898	\$1,883	\$1,955	\$1,788	(\$96)
Headcount						
Full-Time Salaried	21	20	21	21	17	(4)

Other Issues

The following legislative item was included in the Board's 2009 Annual Report:

BUDGET PROTECTION AND OTHER PROPOSED AMENDMENTS TO CHAPTER 68

In August 2009, pursuant to the mandate of City Charter section 2603(j), the Board issued a comprehensive report proposing extensive amendments to Charter Chapter 68, the Conflicts of Interest Law. That report reiterated a number of amendments to Chapter 68 the Board has proposed over the years, in particular the enactment of a Charter amendment granting the Board budget protection. Such protection has been at the top of the Board's list of legislative priorities for many years. Virtually alone among City agencies, the Board has the power to sanction violations of the law by the very public officials who set its budget, in itself an unseemly conflict that can only undermine the Board's independence in the eyes of the public and of public servants. That situation should finally be rectified through a Charter amendment removing the Board's budget from the discretion of the public officials who are subject to the Board's jurisdiction.

Appendix A: Budget Actions in the November and January Plans

Description	Fiscal 2010			Fiscal 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the June 2009 Plan	\$1,883	\$0	\$1,883	\$1,827	\$0	\$1,827
Programs to Eliminate the Gap (PEGs)						
PS Reduction - Vacancy Elimination	\$0	\$0	\$0	(\$54)	\$0	(\$54)
PS Reduction - Layoff	0	0	0	(71)	0	(71)
OTPS Savings	(37)	0	(37)	(33)	0	(33)
Total PEGs	(\$37)	\$0	(\$37)	(\$158)	\$0	(\$158)
Other Adjustments						
Fiscal 2010 Executive Budget Fringe Benefit Adjustment (Nov.)	\$11	\$0	\$11	\$0	\$0	\$0
Collective Bargaining - Managers & Other Jurisdictions	98	0	98	98	0	98
PS Savings - Fringe Benefits Adjustment	0	0	0	21	0	21
Total Other Adjustments	\$109	\$0	\$109	\$119	\$0	\$119
Total January Plan Budget Changes	\$72	\$0	\$72	(\$39)	\$0	(\$39)
Agency Budget as per the January 2010 Plan	\$1,955	\$0	\$1,955	\$1,788	\$0	\$1,788